

KIRKLAND & ELLIS LLP

AND AFFILIATED PARTNERSHIPS

Dan Latona
To Call Writer Directly:
+1 312 862 3445
dan.latona@kirkland.com

300 North LaSalle
Chicago, IL 60654
United States

+1 312 862 2000

www.kirkland.com

Facsimile:
+1 312 862 2200

August 11, 2023

Via eFile & E-mail

Hon. Martin Glenn
Chief United States Bankruptcy Judge
United States Bankruptcy Court
Southern District of New York
One Bowling Green, Courtroom 523
New York, NY 10004-1408
mg.chambers@nysb.uscourts.gov

Re: *In re Celsius Network LLC*, Case No. 22-10964 – Request for Status
Conference

Dear Chief Judge Glenn:

Pursuant to paragraph 3 of the *Second Amended Final Order (I) Establishing Certain Notice, Case Management, and Administrative Procedures and (II) Granting Related Relief* [Docket No. 2560], I write to request a status conference on Monday, August 14, 2023 at 10:00 a.m. regarding the 2004 Motion,¹ the 2004 Order,² and the 60(b) Motion.³

The return date for production of documents pursuant to the 2004 Order was August 9, 2023—Mawson Infrastructure Group Inc., Luna Squares LLC, and Cosmos Infrastructure LLC (together,

¹ *Debtors' Ex Parte Motion for an Order Under Federal Rules of Bankruptcy Procedure 2004 and 9016 for Subpoenas for Examination of, and Production of Documents From, Mawson Infrastructure Group Inc., Luna Squares LLC, and Cosmos Infrastructure LLC* [Docket No. 3088] (the "2004 Motion").

² *Order (I) Authorizing the Debtors to Issue Subpoenas Under Federal Rules of Bankruptcy Procedure 2004 and 9016 to Mawson Infrastructure Group Inc., Luna Squares LLC, and Cosmos Infrastructure LLC and (II) Granting Related Relief* [Docket No. 3091] (the "2004 Order").

³ *Motion of Mawson Infrastructure Group, Inc., Luna Squares LLC, and Cosmos Infrastructure for Entry of an Order Pursuant to Fed.R.Civ.P. 60(b) Granting Relief from Order (I) Authorizing the Debtors to Issue Subpoenas Under Federal Rules of Bankruptcy Procedure 2004 and 9016 to Mawson Infrastructure Group Inc., Luna Squares LLC, and Cosmos Infrastructure LLC and (II) Granting Related Relief* [Docket No. 3197] (the "60(b) Motion").

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the “Mawson Entities”) simply failed to respond. The Mawson Entities had actual notice of the 2004 Motion and 2004 Order through a courtesy email to their counsel, as well as service to two locations, including the notice party listed in the relevant commercial and financial agreements between the parties.⁴

In the 2004 Motion, the Debtors explained the time-sensitive nature of the issues at play. The Debtors and the Mawson Entities are party to three agreements terminating in less than two weeks. The customer equipment co-location agreement (the “Co-Location Agreement”) is set to terminate on August 23, 2023 and the secured promissory note (the “Promissory Note”) matures on the same day. The Debtors have reason to believe that the collateral securing the Promissory Note is not currently held by the legal entity against which the Debtors have security interests and the Debtors have concerns that the over \$15.3 million of deposits paid under the Co-Location Agreement, which are set to be returned upon the expiration of the Co-Location Agreement on August 23, 2023, will not be returned. The discovery requests are critical to the Debtors’ efforts to protect these estate assets, and the Mawson Entities entirely failed to even respond to the Court’s order.

In lieu of replying to Debtors’ counsel to discuss the scope or timing of the requests, the Mawson Entities elected to file the 60(b) Motion, two days before the deadline to comply with the 2004 Order. In the 60(b) Motion, the Mawson Entities request the Court vacate or modify the 2004 Order, and set the 60(b) Motion to be heard on September 7, 2023. As of this moment, the Mawson Entities are violating the 2004 Order requiring their response to reasonable and tailored discovery requests by August 9, 2023. The Debtors reserve their rights regarding this violation.

⁴ See, Affidavit of Service re: Stipulation and Agreed Order Between Debtors and Rhodium Enterprises, Inc. Regarding ESI Review and Production in Connection with Rule 2004 Examination (Docket No. 3086), Debtors Ex Parte Motion for an Order Under Federal Rules of Bankruptcy Procedure 2004 and 9016 for Subpoenas for Examination of, and Production of Documents From, Mawson Infrastructure Group Inc., Luna Squares LLC, and Cosmos Infrastructure LLC (Docket No. 3088) [Docket No. 3198]; Affidavit of Service re: Notice of Deadline for Submission of Account Holder Proofs of Claim in the Above-Captioned Chapter 11 Cases (Docket No. 3090), Order (I) Authorizing the Debtors to Issue Subpoenas Under Federal Rules of Bankruptcy Procedure 2004 and 9016 to Mawson Infrastructure Group Inc., Luna Squares LLC, and Cosmos Infrastructure LLC and (II) Granting Related Relief (Docket No. 3091), Notice of Rescheduled Hybrid Omnibus Hearing Dates (Docket No. 3092), Notice of Adjournment Regarding the Debtors Motion for Entry of an Order (I) Approving the Debtors Key Employee Incentive Program and (II) Granting Related Relief (Docket No. 3093), Notice Of Adjournment (Docket No. 3094), Notice of Presentment and Opportunity for Hearing on the Joint Stipulation and Agreed Order Between the Federal Trade Commission and the Debtors to Enter into Stipulated Order in the District Court (Docket No. 3095) [Docket No. 3199].

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The Debtors believe a prompt status conference is appropriate and necessary given (i) the Mawson Entities' violation of the 2004 Order, (ii) the pending 60(b) Motion, (iii) the imminent maturity of the Promissory Note on August 23, 2023, and (iv) the expiration of the Co-Location Agreement on August 23, 2023.

Please let us know whether the Court is willing to hold a status conference on this matter as part of the agenda on Monday

Sincerely,

/s/ Dan Latona
Dan Latona

cc: Ross M. Kwasteniet, P.C.
Christopher S. Koenig
Keith H. Wofford
Michael R. Herz
Michael A. Sweet

A status conference will be held on Monday, August 14, 2023 at 2:00 PM Using Zoom for Government. The Court shall provide a Zoom link to those persons who have made an eCourtAppearance by 4 PM on Friday, August 11, 2023. Any party appearing at, listening to, or observing the Hearing, must make an electronic appearance, an eCourtAppearance, by using the eCourtAppearance portal located on the Court's website, <http://www.nysb.uscourts.gov/ecourt-appearances> or by clicking the "eCourtAppearances" tab on Judge Glenn's page of the Court's website at, <https://www.nysb.uscourts.gov/content/chief-judge-martin-glenn>. Appearances must be entered on or before 4:00 p.m. prevailing Eastern Time on August 11, 2023. After the deadline to make appearances passes, the Court will send Outlook invitations to those persons who made eCourtAppearances, using the email addresses submitted with those appearances.

MEMORANDUM ENDORSED. IT IS SO ORDERED.

Dated: August 11, 2023

/s/Martin Glenn
Chief United States Bankruptcy Judge